

DUE DILIGENCE

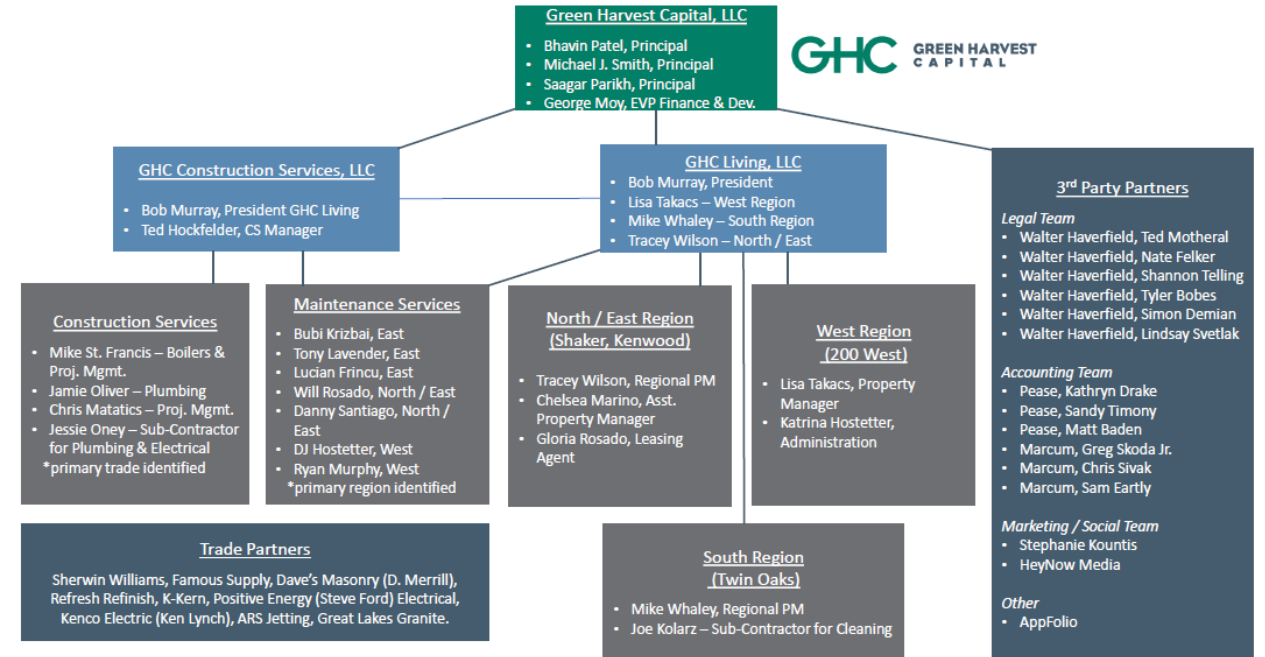
- Sponsor Level
- Deal Level
- Market Level
- Asset classes



Pictures from on-site due diligence in Detroit manufacturing to multifamily conversion.

SPONSOR LEVEL

- Review of sponsor business and business plan
- Sponsor leadership background checks
- Sponsor prior performance history



*DRAFT Organizational Chart as of 07.17.22

Confidential, GHC, LLC

Green Harvest Capital (GHC) organizational chart

DEAL LEVEL

- Review offering documents
- Review third-party reports
- Financial projections
- Exit IRR projections
- Investment structure
 - Sponsor fees
 - Verify DST structure compliance

DD Template

Documents

PPM
 Appraisal
 Financial Projections
 Rent Roll
 Insurance
 Environmental Phase I
 Zoning / Flood Zone
 Property Condition Assessment (PCA)

Received

x
 x
 x
 x
 x
 x
 x
 x

Approved

Comments

Deal Structure Details

Review Tax Opinion
 Sponsor Own the Deal
 Review Offering Memorandum
 Does Master Tenant have Econ

x
 x
 x
 x

Analytics

Appraised value vs purchase price
 Rent roll vs Year 1 projection
 Revenue growth
 Expense growth
 Debt coverage
 IRR projection
 Compare proforma vs 3rd party
 Market demographics
 Market absorption
 Market rent trends
 Deal structure (upside to investors)
 Deal fees (acquisition, mgmt, dispositio
 Tenant / Operator Analysis

x
 x
 x
 x
 x
 x
 x
 x
 x
 x
 x
 x

List of due diligence items and analysis

ADISA Checks

Single Class of ownership
 Investment trust
 Fixed/Participating Rent
 Sale of property
 Sponsor as Lender
 Section 721
 Bridge Financing
 Tax Opinions

Meets Guidelines

x
 x
 x
 x
 x
 x
 x
 x

Approved

Comments

MARKET LEVEL

- Review of appraisal
- Demographics analysis
- Supply / demand analysis
- Review of comparable properties

5 Foshill Drive Walpole, MA 02081	1 Mile Radius	3 Mile Radius	5 Mile Radius	Cambridge- Newton, MA- NH
Population				
2027 Total Population	3,750	29,533	80,821	5,002,052
2022 Total Population	3,755	29,207	79,522	4,995,283
2010 Total Population	3,051	26,734	72,423	4,552,402
2000 Total Population				
Annual Growth 2022 - 20				
Annual Growth 2010 - 20				
Annual Growth 2000 - 20				

SUMMARY OF COMPARABLE SELF-STORAGE RENTALS							
Comp. No.	Property Name	Location	Year Built	Occ.	No. Units	Distance from Subj	NRA (SF)
1	Extra Space Storage	147 Green Street Fitchburg, MA 01425	2000	93%	493	1.50 Miles	52,461
2	Extra Space Storage						
3	Public Storage - Westwood						
4	Extra Space Storage						
5	Extra Space Storage						

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

Strengths/ Opportunities

- The strong cash flow characteristics of the self-storage sector have increased capital flow for both debt and equity. Consequently, cap and yield rates have been declining.
- Self-storage market characteristics are best defined in the local trade area. The subject trade area is **under-supplied**.
- The subject represents a premier facility in the trade area and represents the newest product in the market.

Weaknesses/ Threats

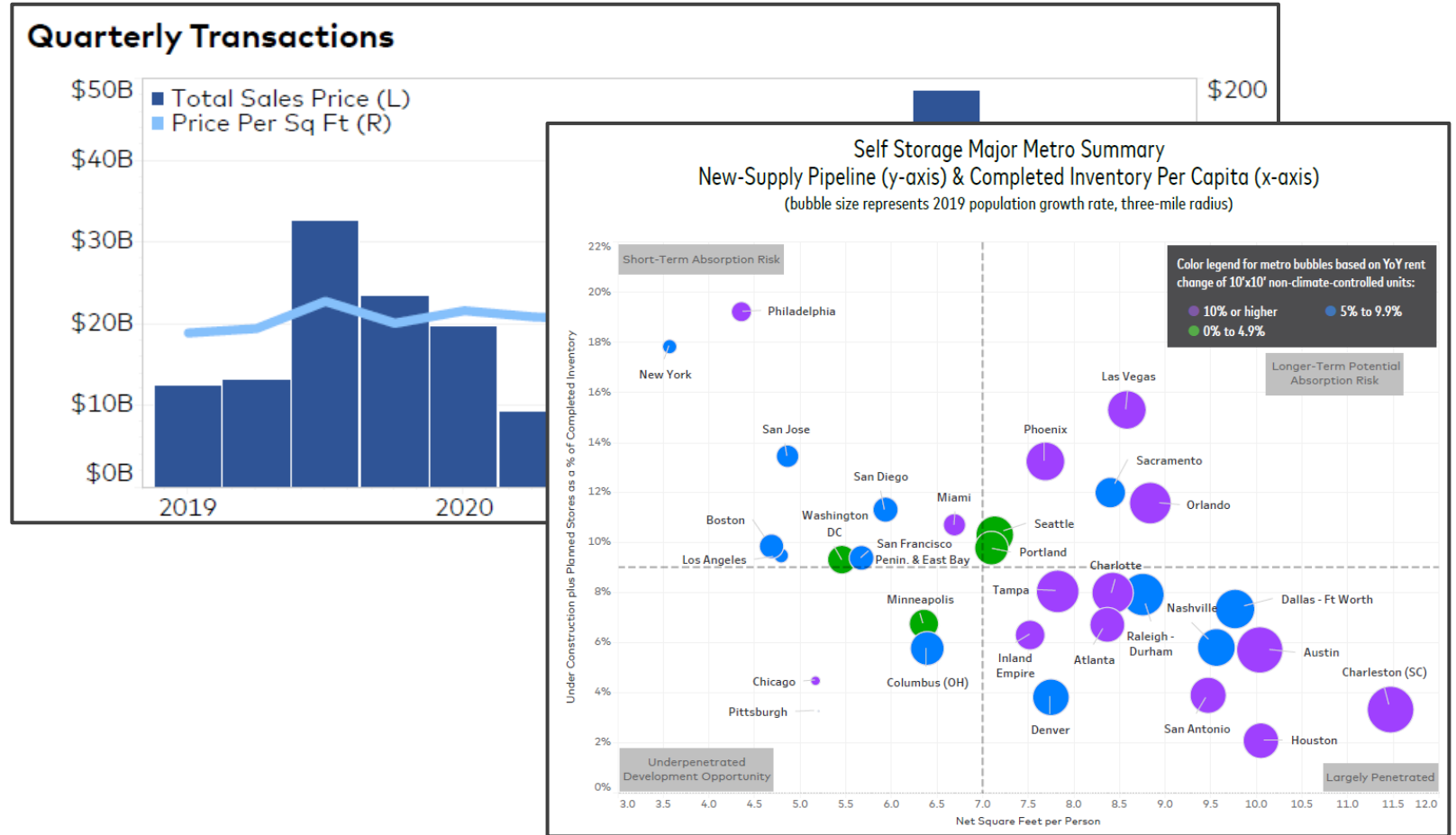
- Financing for existing facilities is widely available for sponsors with strong balance sheets and a strong operating history. For some smaller ownership entities, however, capital calls and other requirements can force a sale of an existing asset.
- There is interest rate risk in the market, which could create upward pressure on capitalization rates.
- Borrowing costs have increased (increased interest rates/spreads and a generally more conservative lending environment) and there is some uncertainty as to the timing and magnitude of additional future interest rate increases. CBRE expects the federal funds rate to peak in 2023 within a range of 4.50% to 4.75%.
- Tightening credit markets will continue to drive adjustment in the commercial real estate investment markets in the near term with potential impacts on capitalization rates and investment demand.
- Rapidly increasing interest rates and subdued economic growth will weigh on commercial real estate fundamentals and investment volumes this year and next. This creates a higher degree of uncertainty in general, though the impacts may vary by market and asset class/type.

Subj: Extra Space
Compiled by CBRE

Sample of appraisal market review

ASSET CLASSES

- Review of asset class research reports
- Interviews with local real estate leaders
- Networking with national real estate syndicators



Example asset class analysis